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## **REPORT OF THE DIRECTORS**

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The Directors present their annual report and the audited financial statements for the year ended 31st March 2001.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding and provision of corporate management services. The activities of its principal subsidiaries and associates are set out in notes 36 and 37 to the financial statements, respectively.

### **SUBSIDIARIES AND ASSOCIATES**

Details of the Company's principal subsidiaries and associates are set out in notes 36 and 37 to the financial statements, respectively.

### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31st March 2001 are set out in the consolidated income statement on page 19.

The directors do not recommend the payment of a dividend for the year.

### **RESERVES**

Details of movements during the year in the reserves of the Group and the Company are set out in note 26 to the financial statements.

### **FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 66 of the annual report.

### **SHARE CAPITAL**

Details of the Company's share capital are set out in note 25 to the financial statements.

### **INVESTMENT PROPERTIES**

The Group's investment properties were revalued at the year end date. The deficit of approximately HK\$59,500,000 arising from revaluation has been dealt with in the reserves.

Details of these and other movements during the year in the investment properties of the Group are set out in note 12 to the financial statements.

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## **REPORT OF THE DIRECTORS**

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### **PROPERTY, PLANT AND EQUIPMENT**

Details of movements during the year in the property, plant and equipment of the Group and the Company are set out in note 13 to the financial statements.

### **MAJOR PROPERTIES HELD FOR INVESTMENT**

Details of the major properties held for investment of the Group at 31st March 2001 are set out on page 65 of the annual report.

### **DIRECTORS**

The directors of the Company during the year and up to the date of this report were:

#### **Executive directors**

Wong Kin Wah, George  
Hwang Yiou Hwa, Victor  
Hwang Yiu Hwa, Richard  
Hwang Teh Hwa, Tony

#### **Independent non-executive directors**

Ma Chi Man  
The Hon. Lau Hon Chuen, Ambrose, G.B.S., J.P.

In accordance with the Company's Bye-laws, Messrs. Ma Chi Man and The Hon. Lau Hon Chuen, Ambrose, G.B.S., J.P. shall retire from the board at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

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## REPORT OF THE DIRECTORS

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(Continued)

### DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

- (a) (1) During the year, the Group had the following transactions with Tri-View Limited (“Tri-View”) of which Messrs. Wong Kin Wah, George, Hwang Yiou Hwa, Victor, Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony were directors and in which they had beneficial interests.
- (i) Rentals of HK\$984,000 for car parking spaces at Hong Kong Parkview, building management fee of HK\$634,229 and club house subscription fees of HK\$18,000 were paid to Tri-View in order to provide parking and recreational club facilities to tenants of investment properties owned by Group companies.
  - (ii) Payment of general expenses totalling of HK\$7,264,125 to Tri-View with respect to daily operation activities.
  - (iii) On 6th May 1996, Hong Kong Parkview Management Services Limited (the “Manager”), a wholly-owned subsidiary of the Group, entered into conditional management agreements (the “Management Agreements”), which was approved by shareholders in a Special General Meeting held on 14th June 1996, with each of Parkview (Suites) Limited (“Parkview Suites”) and Parkview (Club House) Limited (“Parkview Clubhouse”), both of them are wholly owned subsidiaries of Tri-View. Pursuant to the Management Agreements, it was agreed that the Manager would take over the management of the serviced apartments comprising Towers 1 and 2 (the “Parkview Apartments”) and of the Clubhouse (the “Clubhouse”) of Hong Kong Parkview.

Pursuant to the Management Agreements, the Manager has been appointed as manager of the Parkview Apartments and the Clubhouse for a period of twenty years from 1st June 1996. The Manager is entitled to receive a management fee equal to an amount by which the Operating Profit exceeds the Minimum Profit, as defined in the Management Agreements. In the event that the Operating Profit of Parkview Suites or Parkview Clubhouse for any month is less than the relevant Minimum Profit, the shortfall will be paid by the Manager to Parkview Suites or Parkview Clubhouse. The detailed calculation of Operating Profit and Minimum Profit were fully described in the circular to shareholders dated 29th May 1996.

During the year, Parkview Suites and Parkview Clubhouse paid the amount of Operating Profit exceeds the Minimum Profit of HK\$3,706,205 and HK\$6,516,330 to the Group respectively.

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## REPORT OF THE DIRECTORS

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(Continued)

### DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

- (2) During the year, the Group sold goods of saleable value of HK\$299,751 and HK\$2,640 to Messrs. Wong Kin Wah, George and Hwang Teh Hwa, Tony respectively.

Other than as disclosed above, no contracts of significance to which the Company, its holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

- (b) At no time during the year was the Company, its holding company, fellow subsidiaries or subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.
- (c) No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

### MANAGEMENT PROFILES

#### A. Executive Directors

**Mr. Wong Kin Wah, George**, aged 49 is Chairman of the Group. He has been engaged in construction and real estate business in Taiwan and Hong Kong since graduating in building construction design in 1973. He was appointed as Director in 1992.

**Mr. Hwang Yiu Hwa, Victor**, aged 47 held a Bachelor Degree in Administration and Finance. He has been involved in the Group's overseas business developments. He was appointed as Director in 1992.

**Mr. Hwang Yiu Hwa, Richard**, aged 46 held a Bachelor Degree of Science in Civil Engineering. He has been involved in construction field since 1982. He was appointed as Director in 1993.

**Mr. Hwang Teh Hwa, Tony**, aged 45 held a Master Degree in Management and Organisational Development. He is responsible for the development of business in mainland China. He was appointed as Director in 1992.

Mr. Wong Kin Wah, George, Mr. Hwang Yiu Hwa, Victor, Mr. Hwang Yiu Hwa, Richard and Mr. Hwang Teh Hwa, Tony are brothers.

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## REPORT OF THE DIRECTORS

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(Continued)

### MANAGEMENT PROFILES (Continued)

#### B. Independent non-Executive Directors

**Mr. Ma Chi Man**, aged 69 is a Vice-chairman of the International Chinese Culture Institute and the honorary chairman of Hong Kong Association of China Travel Organisations Limited. He was appointed as Director in 1994.

**The Honourable Lau Hon Chuen, Ambrose**, G.B.S., J.P., aged 54 is the senior partner of Chu & Lau, Solicitors and Notaries. Mr. Lau is a member of the Legislative Council, the National Committee of Chinese People's Political Consultative Conference and the Board of the Urban Renewal Authority among his many public service appointments. He was appointed as Director in 1995.

#### C. Senior Management Staff

**Mr. Sin Kit Leung, Peter**, aged 61 held a diploma in Business Management. Mr. Sin has extensive experience in investment and real estate development. Mr. Sin joined the Group in 1990 and is responsible for business development of the Group.

**Mr. Chan Chi Fai, Brian**, aged 46 is a fellow member of The Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Society of Accountants. He has over 20 years' experiences in banking and commercial sectors. Mr. Chan joined the Group in 1990 and is now responsible for the overall management of the Group.

**Mr. Laurence Neil Baum**, aged 47 is in charge of the Group's legal affairs since joining the Group in 1991. He is a Solicitor of the Supreme Court of England and Wales as well as Hong Kong.

**Mr. Eric Charrington**, aged 54 is a Fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Society of Accountants. Before joining the Group in 1995, he was involved in direct investments in China and financial services in a multinational organisation.

**Mr. Cheung King Ching, Herbert**, aged 59 is an Authorised Person and Registered Architect with over 20 years' experience in construction and building industry. He joined Hong Kong Parkview in 1988 and is responsible for the management of the Group's property development activities.

**Mr. Chow Kwing Chan**, aged 49 has over 20 years of experience in the hotel industry and retail business. He joined Hong Kong Parkview in 1988 and was involved in setting up the Group's motor car trading business. Since 1995 he has been in charge of Gallaria Furnishings International Limited.

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## REPORT OF THE DIRECTORS

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(Continued)

### MANAGEMENT PROFILES (Continued)

#### C. Senior Management Staff (Continued)

**Mr. Chow Wai Kong, Eddie**, aged 52 is responsible for the overall management of the Group's marine business in Asia, Europe and North America. He has vast experience in the field of ferry operation and shipbuilding industry. Since joining the Group in 1990, he had been involved in projects of ocean cruise operation in South East Asia, fast ferry operations in Hong Kong, Macau and various regions of China.

**Mr. Ng Chan Shing, Lawrence**, aged 57 has 30 years of experience in government and commercial sectors. Before joining the Group in 1997, Mr. Ng was a director of a diversified public company. Mr. Ng is responsible for the Group's household equipment trading activities.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

### DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31st March 2001, the Directors and their respective associates had interest in the issued share capital of the Company as follows:

	Number of shares held			
	Personal interests	Family interests	Corporate interests	Other interests
Wong Kin Wah, George	2,000,000	–	98,000,000 <i>(Note)</i>	–

*Note:* These shares were held by High Return Trading Limited and in which Mr. Wong Kin Wah, George was deemed to have interests since he was entitled to exercise more than one-third of the voting power at the general meetings of High Return Trading Limited. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

Messrs. Wong Kin Wah, George, Hwang Yiu Hwa, Victor, Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony are directors and shareholders of Kompas International Limited which owned 293,674,138 shares in the Company.

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## REPORT OF THE DIRECTORS

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(Continued)

### **DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY** (Continued)

Apart from the above, no interests were held or deemed or taken under the Securities (Disclosure of Interests) Ordinance to be held by any Directors or Chief Executives of the Company or their respective associates in the share capital of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the Ordinance or which are required pursuant to Section 29 of the Ordinance to be entered in the register referred to therein.

### **SUBSTANTIAL SHAREHOLDERS**

As at 31st March 2001, the following shareholders of the Company were interested in ten per cent or more of the issued share capital of the Company:

	<b>Number of shares held</b>
Kompass International Limited	293,674,138
High Return Trading Limited	98,000,000 ( <i>Note</i> )

*Note:* These shares represented the same parcel of shares as Mr. Wong Kin Wah, George was deemed to have interest in as disclosed above under "DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY".

Apart from the above, no other person was recorded in the register kept pursuant to Section 16 of the Securities (Disclosure of Interests) Ordinance as having an interest in ten per cent or more of the issued share capital of the Company.

### **EMOLUMENTS OF DIRECTORS AND HIGHEST PAID EMPLOYEES**

Details of emoluments of the directors and the five highest paid employees are set out in note 8 to the financial statements.

### **BORROWINGS AND INTEREST CAPITALISED**

Bank loans, overdrafts and other borrowings repayable within one year or on demand are classified as current liabilities as set out in the balance sheets on pages 20 and 21. A repayment analysis of obligations under finance leases and long-term loans is set out in note 28 to the financial statements.

No interest was capitalised by the Group into vessel under construction during the year (2000: HK\$36,751).

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## **REPORT OF THE DIRECTORS**

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(Continued)

### **MAJOR CUSTOMERS AND SUPPLIERS**

The percentage of purchases attributable to the Group's largest supplier and the five largest suppliers during the year was 7.6% and 13.9%, respectively.

The percentage of sales attributable to the Group's largest customer and the five largest customers during the year was 11.9% and 32.5%, respectively.

None of the directors, their associates or any shareholder which to the knowledge of the directors owned more than 5% of the Company's share capital has an interest in any of the Group's five largest customers or five largest suppliers.

### **CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS**

There were no convertible securities, warrants or options issued by the Company or its subsidiaries during the year.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **CHARITABLE DONATIONS**

The Group has not made any donation for charitable and other purposes for the year ended 31st March 2001 (2000: HK\$114,000).

### **COMPLIANCE WITH CODE OF BEST PRACTICE**

The Company has complied throughout the year ended 31st March 2001 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.



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## **REPORT OF THE DIRECTORS**

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(Continued)

### **AUDITORS**

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**WONG KIN WAH, GEORGE**

*CHAIRMAN*

Hong Kong, 20th July 2001